

Director of
Central Intelligence



(b) (1)

(b) (3)

National Intelligence Council Memorandum

Iraq: Regime Under Greater Stress

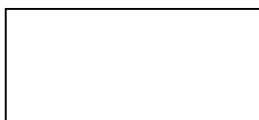
**Key
Points**

- Lack of progress on the sanctions front and increased coup plotting and insurgent activity are aggravating pressures created by four years of sanctions against Baghdad.
- Saddam does not appear to face an immediate threat, but these developments have increased the regime's overall vulnerability and may compel Saddam to take stronger military actions to combat perceived threats.¹
- Agencies agree that Saddam is under increasing pressure; they disagree about whether he will react with more confrontational or more conciliatory behavior.

APPROVED FOR RELEASE
DATE: JUL 2005

¹The Assistant Secretary of State for Intelligence and Research, Department of State, believes that this assessment is more alarmist than circumstances warrant, and that it blurs the distinction between Saddam Husayn's need to deal with the Kurdish/Shia challenge and his likely policy choices toward the larger international community.

This memorandum was prepared by the National Intelligence Officer for Near East and South Asia. It was coordinated by representatives of CIA, DIA, State/INR, and NSA.



Copy 70



SECRET

NICM 95-10
TN 95-02270
17 March 1995

Iraq: Regime Under Greater Stress

Added Pressures Since November

Negative trends intensifying

In the November 1994 Update Memorandum to NIE 93-42, the Intelligence Community reaffirmed its assessment that undiminished sanctions, although difficult to maintain, would substantially increase the odds (to better than even) of Saddam Husayn's falling from power over the next two years. The Update cited several factors during 1994 (including the rising cost of living, the depreciating dinar, spiraling crime, and plummeting morale in the regular Army) that had significantly increased pressure on the regime. Developments since November have intensified these trends and have introduced new challenges for Baghdad.

No Quick Fix on Sanctions. The NIE noted that Saddam's preeminent goal was to end sanctions as soon as possible. Recent events belie expectations raised by the Iraqi press since early this year that sanctions would be eased at the May UN Security Council review:

- Iraq's lack of accountability on its biological weapons (BW) program was creating a growing credibility gap. Baghdad's intransigence on BW would undermine any attempt to ease sanctions at the May review.
- Support for the US position on the Security Council is high in the wake of Ambassador Albright's missions, buttressed by the perception that Washington is willing to veto any attempt to ease sanctions prematurely. A barrage of vitriolic press attacks against US "hostility" reflects Baghdad's concern and consternation over the US diplomatic offensive.

Calls for hardline policies

Hardliners in Baghdad, identified in the NIE, are again criticizing Iraq's diplomacy. An editorial (probably written by Saddam's son Uday) in the 15 March edition of *Babil* decried the lack of progress at the Security Council and called on Baghdad to demand a deadline for the easing of sanctions. The editorial declared that the

***Insurgents sapping
Army morale***

sanctions review on 13 March was “worse than the previous one” and questioned the value of Baghdad’s diplomatic efforts. Another failure for Iraq’s diplomatic approach may lead to a further erosion of public confidence in the regime and a more confrontational posture by Baghdad.

Renewed Insurgent Activity. The strongest insurgent attacks against the regime since shortly after the Gulf war have forced Baghdad to put its forces on heightened alert on two fronts since early February:

- Hit-and-run attacks led principally by the Patriotic Union of Kurdistan (PUK), with the participation of some other Iraqi National Congress forces in the north, have revealed worsening morale and readiness problems in some units of the regular Army. A strong US demarche earlier this month (and fear of damaging Iraqi diplomatic efforts to ease sanctions) appear to have constrained Saddam from unleashing Republican Guard units against the Kurds.
- The Badr Corps, the armed wing of the Iran-based Supreme Council of the Islamic Revolution in Iraq (SCIRI), launched incursions in early February intended to spark a Shia uprising in southern Iraq. The regime sent two small combat units and a small Republican Guard detachment to reinforce the area, but has refrained from sending larger units across the 32nd parallel that might trigger an armed US response.

Tehran’s Troublemaking. Since early this year, Iran has expanded its ties and support to Iraqi opposition groups, hoping to position itself as the dominant external influence on a post-Saddam government in Baghdad.

***Dinar’s value
plummeting***

Dinar Reaches New Low. The Iraqi dinar is currently trading at as high as 1,750 to one US dollar on black-market exchanges in Iraq—a precipitous decline since November, when it was hovering at about 600 to one. The falling dinar reflects a continuing deterioration of economic and social conditions throughout the

country, as well as Baghdad's incompetence in dealing with fundamental economic problems. Articles in Babil have asserted that the government's success or failure is tied to the value of the dinar. []

INR believes that Saddam still has options to relieve the intensifying economic pressures on his regime by, []

[] accepting the recent US offer to implement UNSC Resolutions 706 and 712 under less stringent monitoring conditions. He might even consider greater cooperation with UNSCOM to resolve unanswered questions pertaining to Iraq's weapons of mass destruction programs in order to gain an easing of sanctions and relieve domestic discontent. []

Coup Plotting. []

[] the Dulaymi and Samarra'i plots, since November. Saddam's security forces had advance knowledge of both plots and neither reached the implementation stage. While demonstrating the continued effectiveness of the security forces, the plots have created a more jittery security situation after a year during which coup rumors and other security threats had appeared to decline. []

An Atmosphere of Vulnerability

The trends listed above, if unchecked, could foster a sense among Iraqis that the regime is becoming unstable:

- Neither the Kurds nor Shias pose a serious near-term threat to Saddam, but persistent pressure could speed deterioration of the regular Army, already wracked by low morale, desertion, and neglect. The PUK has taken hundreds of Iraqi prisoners (albeit from some of the Army's most poorly equipped units) many of whom reportedly were bootless despite winter conditions and were more inclined to surrender than to fight.
- The dinar's plunge reflects an impression among Iraqis that an end to sanctions is as distant as ever, fueling resentment and frustration. The 15 March *Babil* editorial commented that the dinar has fallen in a way that Iraq's enemies "did not dream of and did not think would be within their reach" and added that "the ingredients for a fat morsel to fill the belly and boost the muscles are no longer there." []

The Iraqi leadership appears especially concerned that Washington will exploit Baghdad's current difficulties:

- Official press reports claim that recent Kurdish attacks are a US-instigated plot to lure Baghdad into fighting Kurds to damage Iraq's standing in the Security Council.
- Republican Guard divisions were dispersed in and around their garrisons in a defensive posture during the coup and insurgency alerts this month, apparently as precautions against possible US airstrikes.

Security Still Strong

Iraq's elite military and security forces remain sufficiently strong to preclude open opposition to the regime in the major cities and to put down the Kurdish and Shia insurgencies. The Dulaymi and Samarra'i plots show the security forces are still adept at detecting and suppressing threats to the regime. Recent coup plotting, insurgent activity, and extended periods of heightened alert have heavily tasked these forces, but they continue to do Saddam's bidding. Although no longer immune to desertion and equipment shortages, the Republican Guard is relatively well equipped and remains a competent fighting force.

Saddam's Options

Conditions similar to October crisis

Expectations regarding UN sanctions remain an important determinant of Saddam's behavior. Baghdad's disappointment with Ekeus' last six-month report to the Security Council in October was a factor in prompting Saddam to stage the Kuwait confrontation to force a negotiated settlement to sanctions. Saddam is likely to stay on his current diplomatic course at least until 10 April, when Ekeus is scheduled to report. Until then, Baghdad is likely to appear to cooperate with UNSCOM and will claim to offer full accounting of missing Kuwaitis and captured equipment. Most intelligence agencies believe that another disappointing report by Ekeus, or lack of progress at the next sanctions review in May, could prompt Saddam to favor confrontation over conciliatory diplomacy.

Continued incursions by either Kurdish or Shia insurgents might also force the regime to take aggressive action. A number of options are open to Saddam, depending on his willingness to risk military counterstrikes by Coalition forces. Saddam appears to take the possibility of US attacks more seriously after the massive US military moves in response to his move against Kuwait in October.

***Saddam may punish
Kurds, Shias***

Northern Options. Committing stronger forces to stem Kurdish attacks along the northern confrontation line, fixed-wing air attacks on Kurdish positions south of the 36th parallel, or rocket or artillery attacks on Kurdish cities would satisfy Saddam's need to take strong punitive action to protect his image at home without directly inviting Coalition counterstrikes. Stronger measures—such as a full-scale assault against the Kurdish region or air attacks against the Kurds north of the 36th parallel—are less likely. ☐

Southern Options. If the Iranian-supported Badr Corps launches large new attacks, Saddam would be tempted to reinforce weak regular Army units in the south with Republican Guard or better equipped mechanized and armored units from the regular Army. He probably would seek to justify such acts by pointing to the increased Iranian threat, an argument Saddam believes will resonate well in some Arab capitals, as well as to insurgent attacks on Iraq's water infrastructure. If Saddam chooses to confront the UN, he may authorize such movements to challenge the US and UK interpretation of UNSC Resolution 949, which holds that Republican Guard units introduced south of the 32nd parallel are subject to attack. Baghdad would seek to divide Washington and London from other Security Council members. ☐

***All-out attacks
unlikely***

Saddam still feels strongly constrained by uncertainty about US intentions. He likely views the failed uprising/coup attempt as a US plot and is wary of falling into a US trap. He also remains uncertain about Iranian intentions. These factors will restrain him from launching all-out attacks in the north or the south. ☐

INR believes that, while Saddam is presently under intensified pressure as a result of the failed uprising, he retains the ability to bring the military situation in the north under control without a major incursion into the Kurdish zone. Under present conditions, he has no need—and is unlikely—to send significant additional forces into the south. ☐